

NEWSLETTER

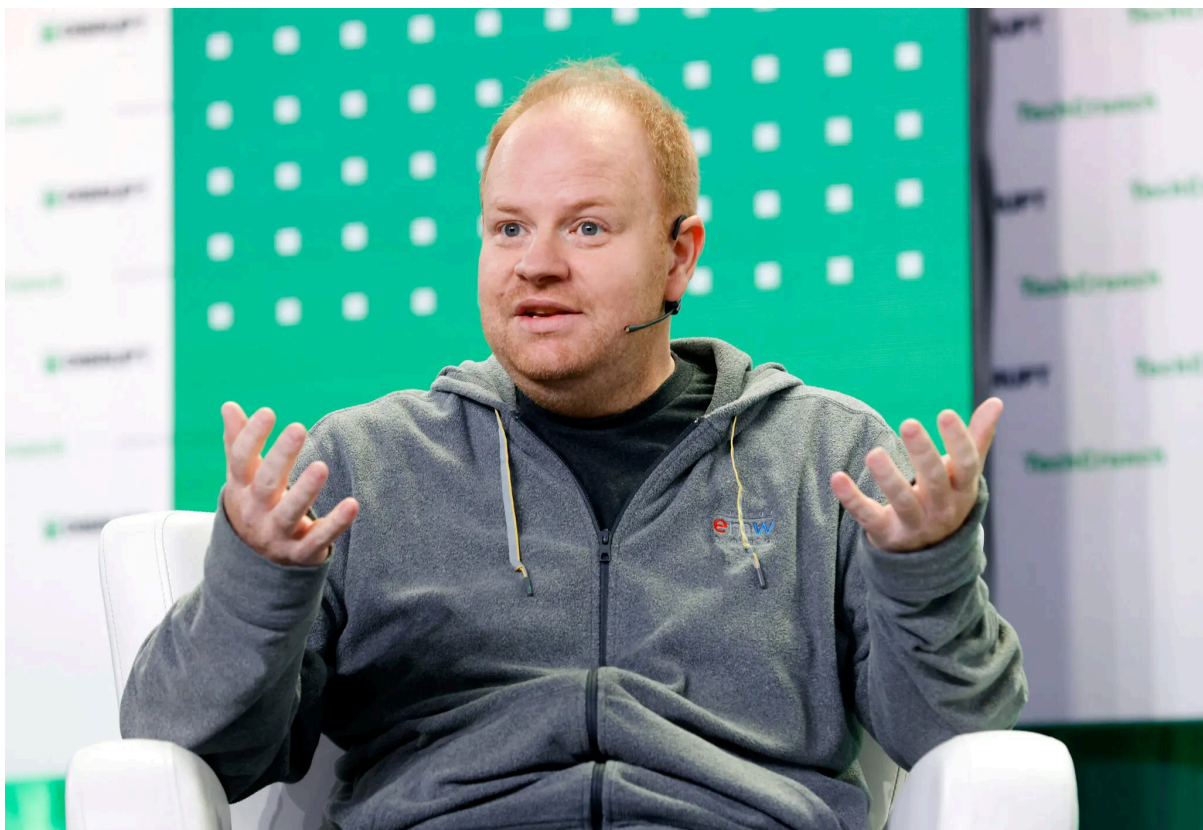
## DealBook

# *Accusations of Corporate Espionage Shake a Software Rivalry*

A lawsuit by Rippling accuses a top competitor, Deel, of placing a mole in its ranks — which it uncovered via a “honeypot” trap on Slack.

By Andrew Ross Sorkin, Ravi Mattu, Bernhard Warner, Sarah Kessler, Michael J. de la Merced, Lauren Hirsch and Edmund Lee

March 17, 2025



Rippling, an H.R. start-up led by the entrepreneur Parker Conrad, is accusing a top rival, Deel, of placing a mole within its ranks to steal confidential information. Kimberly White/Getty Images for TechCrunch

## Spy accusations inflame an H.R. rivalry

One of the most bitter rivalries in the world of H.R. service providers just took a turn that wouldn't be out of place in a spy thriller.

Rippling on Monday sued Deel, accusing its competitor of hiring a mole in its Dublin office to comb through Rippling's trade secrets, a scheme that reached its rival's highest ranks, DealBook's Michael de la Merced reports. Rippling said it had uncovered the defector through a "honeypot" trap — a Slack channel set up specifically for the ruse that was mentioned in a letter to top Deel executives.

"We're all for healthy competition, but we won't tolerate when a competitor breaks the law," Vanessa Wu, Rippling's general counsel, said in a statement. A Deel spokeswoman said in a statement, "Weeks after Rippling is accused of violating sanctions law in Russia and seeding falsehoods about Deel, Rippling is trying to shift the narrative with these sensationalized claims. We deny all legal wrongdoing and look forward to asserting our counterclaims."

**The back story:** Both companies have turned the seemingly humdrum business of human resources into multibillion-dollar operations. Rippling was most recently valued at \$13.5 billion, according to the data provider Pitchbook, while Deel was valued at more than \$12 billion. Aggressiveness also runs in their DNA, especially at Rippling, whose co-founder and C.E.O., Parker Conrad, is known for an especially hard-charging managerial style.

The two have clashed repeatedly in recent years, with Conrad barring former Rippling employees who decamped to Deel from participating in secondary stock sales. A Rippling investor is also tied to a lawsuit in Florida accusing Deel of violating Russia sanctions.

**Rippling is now accusing Deel of perpetrating a “brazen act of corporate theft.”** In the lawsuit, Rippling said that the employee it had accused of being a plant — referred to in the complaint as D.S. — started searching for mentions of Deel in its Slack messaging system at an elevated rate starting in November. The goal, Rippling asserted, was to find information relating to sales leads involving Deel customers, pitch decks and more.

Rippling said it began to suspect a mole when Deel tried to hire at least 17 members of its global payroll operations team via WhatsApp — which requires knowing those people’s phone numbers — and when a reporter for The Information asked for comment about internal Slack messages relating to payments into Russia in violation of sanctions. A security review showed that D.S. had searched for those messages.

Rippling said it had also discovered correspondence between D.S. and Alex Bouaziz, Deel’s C.E.O. and co-founder.

**How Rippling said the scheme was uncovered:** Earlier this month, Wu sent a letter to three people, including Philippe Bouaziz, Deel’s chairman and C.F.O. (and father of Alex Bouaziz). The letter referenced a Slack channel that Wu implied had embarrassing information about Deel — but was really set up as part of the trap.

Within hours, D.S. started searching the channel, the company asserts.

**Rippling said it obtained a court order last week forcing D.S. to turn over his phone.** But when a court-appointed lawyer showed up at Rippling’s Dublin office and demanded that the employee hand over the device, D.S. locked himself in a bathroom. He later fled the scene, it said.

**Rippling is playing hardball.** Its lead lawyer on the lawsuit is Alex Spiro of Quinn Emanuel Urquhart & Sullivan, known for representing Elon Musk, Jay-Z and Mayor Eric Adams of New York City.

“This was not an isolated act of misconduct — it was a deliberate attack, perpetrated for over four months, designed to steal and weaponize critical competitive data,” the complaint reads.

## HERE'S WHAT'S HAPPENING

**Stocks continue to wobble.** The S&P 500 looks set to open lower on Monday with tariff jitters pushing the benchmark index into a four-week losing streak. Treasury Secretary Scott Bessent played down the market turmoil on NBC's "Meet the Press" on Sunday, saying the S&P 500's fall into correction territory last week was a "healthy," "normal" occurrence. That said, the dollar is plummeting and investors are flocking to non-U.S. financial assets. And this just in: The O.E.C.D. sees "trade restrictions" hitting global growth and leading to higher inflation.

**Another tech company looks set to test the I.P.O. market.** Klarna filed late last week to go public, seeking to be valued at roughly \$15 billion. That's still far below its 2021 valuation, at the height of the fintech boom. But a hot-performing I.P.O. — along with one by CoreWeave, an A.I. start-up — could help revive the moribund market for listings.

**Oracle reportedly ramps up talks with the White House on a TikTok deal.** The software company has emerged as a front-runner to take over U.S. operations for the Chinese video app, with Vice President JD Vance and Mike Waltz, the national security adviser, playing a key advisory role in the talks, Politico reports. Still, Oracle faces significant obstacles, not least an April 5 deadline for TikTok to find a U.S. owner or be shut down.

**OpenAI and Elon Musk agree to a fast-track trial.** What's emerged as the biggest feud in the tech industry — Musk suing to stop OpenAI's push to become a for-profit company — could go to trial in December. The presiding judge rejected Musk's demand for an injunction on OpenAI, but said a speedy trial was desirable, given "the public interest at stake." Still unresolved: Will the high-stakes dispute be heard by a jury?

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## The week ahead

It's an especially packed week, with central banks taking center stage. Here's what to watch:

**Monday:** The release of February retail sales data will be in focus after some major retailers, including Dollar General, warned that consumers had begun to pull back on spending.

**Tuesday:** Tech investors will be looking for a lift from Jensen Huang, the Nvidia C.E.O. He's set to deliver the keynote address at the chipmaker's marquee A.I. event.

**Wednesday:** It's decision day. The Fed is expected to stand pat on interest rates, putting the spotlight on Jay Powell's news conference. Watch for what he says about the economy and inflation as trade-war jitters buffet global markets. Separately, the Bank of Japan is also likely to keep rates unchanged but signal that it's ready to raise them soon.

**Thursday:** It's the Bank of England's turn; it too will probably keep its benchmark rate unchanged as President Trump's tariff uncertainty looms. Separately, Accenture, Nike, FedEx and the Olive Garden parent Darden Restaurants report quarterly results.

## Trump vs. Big Law

For weeks, law firms across the country have wondered if they're going to be next on President Trump's list. He recently revoked security clearances for several top firms, limiting their ability to represent clients and undermining a basic premise of the legal system.



Trump's latest attack took aim at Paul, Weiss, Rifkind, Wharton & Garrison, one of the most important firms, whose clients include investment giants like Apollo Global Management, tech leaders like Google and big names like the New England Patriots owner Robert Kraft. It raises key questions about how high-profile clients and white-shoe law firms are supposed to navigate the Trump era, DealBook's Lauren Hirsch reports.

**Do clients have any recourse?** Many stay with a firm for decades, not only because of the trust built over time but also business arrangements are often complex and would be hard to unwind. Some clients might be Trump supporters. Could they step in and broker a deal? Will law firms band together?

Representatives for Apollo, Kraft and Google did not respond to requests for comment on whether they planned to stay with Paul, Weiss.

**Catch up.** In February, Trump issued an executive memo that revoked the security clearance for specific individuals within the law firm Covington & Burling, which represented Jack Smith, the former special counsel who pursued two separate indictments of the president in 2023. And earlier this month, the president signed an executive order barring lawyers from Perkins Coie from entering federal buildings and stripping them of their security clearances.

His order against Paul, Weiss was seen as retaliation against Mark Pomerantz, a former partner, who had tried to build a criminal case against Trump. (A Paul Weiss spokeswoman told The Times he left the firm in 2012.)

**Trump's attacks have been stifled for now.** Perkins Coie sued Trump, and last week a federal judge temporarily barred his administration from carrying out punishments against the firm. Judge Beryl A. Howell of Federal District Court in Washington said the order sent "little chills down my spine."

**But his assault is already having a huge impact on business.** Perkins Coie said in its suit against Trump that it had seen a "significant" loss in revenue. Big firms are scrambling, DealBook hears. They're assessing their past work to see if they might be vulnerable to a Trump attack.

Like many across corporate America, some have started to scrub any language about diversity, equity and inclusion on their websites to avoid attracting the spotlight.

**Firms fear speaking out.** Some have debated whether they should express support for those in the cross hairs in a group statement, but worry that taking a public position would only draw Trump's anger and hurt their ability to represent clients.

In a recent management meeting at a major corporate law firm, an argument broke out over whether to sign such a letter, one of its lawyers told DealBook. The partners ended the session without a resolution.

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**“Have some missteps been made? Yes, probably, because Kentucky bourbon has been included as if it were a trade threat.”**

— *Prime Minister François Bayrou of France, arguing that the European Union's planned tariff on bourbon could backfire and hurt his country's cognac industry.*

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## **The D.E.I. retreat, by the numbers**

Boardrooms appear to be fretting over the Trump administration's attacks on diversity, equity and inclusion efforts as the president directs agencies to investigate “illegal D.E.I.” in the private sector.

Companies found to be too woke might have trouble getting deals done. Executives are retreating from talking about it.

Source: Securities and Exchange Commission. By The New York Times

The number of companies in the S&P 500 that used the language “diversity, equity and inclusion” in their annual regulatory filings with the S.E.C. has fallen by nearly 60 percent from 2024, The Times’s Emma Goldberg, Aaron Krolik and Lily Boyce report.

After the killing of George Floyd killing sparked nationwide protests in 2020, the number of businesses using these terms spiked and started to drop just before Trump re-entered office.

**The real surprise:** Despite the Oval Office backlash, 78 percent of those companies are still talking about their diversity-related initiatives.

## **THE SPEED READ**

### **Deals**

- The U.S. operator of Forever 21, the embattled fast-fashion retailer, filed for bankruptcy protection for the second time in six years. (NYT)
- “Silicon Valley Invests in Israeli Startups in Bid for U.S. Defense Market” (WSJ)
- PepsiCo is said to be in talks to buy Poppi, a healthier soda brand, for more than \$1.5 billion. (Bloomberg)

### **Politics, policy and regulation**

- The Trump administration has asked European countries, including Denmark, about increasing their egg exports to the United States. Meanwhile, there’s been a rise in egg-smuggling on the Southern border with Mexico. (The Guardian,



WSJ)

- “Left for Dead, the C.F.P.B. Inches Back to Life” (NYT)
- Elon Musk’s SpaceX told the U.S. trade representative that trade barriers make operating Starlink overseas more expensive, while foreign competitors face no such hurdles in the United States. (CNBC)

### **Best of the rest**

- Switching jobs is no longer a guaranteed way to raise your salary. (WSJ)
- How a pivot to artificial intelligence restored the fortunes of Jack Ma, the Chinese billionaire, and his tech giant, Alibaba. (FT)
- Unbeknown to many, the last decision by Daniel Kahneman, a pioneer of behavioral economics, was to end his own life in Switzerland last year. (WSJ)
- “Why Maids Keep Dying in Saudi Arabia” (NYT)

We’d like your feedback! Please email thoughts and suggestions to [dealbook@nytimes.com](mailto:dealbook@nytimes.com).

***A correction was made on March 17, 2025:*** Because of an editing error, an earlier version of this article referred imprecisely to the actions President Trump took against the law firm Covington & Burling. He issued a presidential memo, not an “executive order.” Separately, the memo was directed at specific individuals at the firm, not the firm itself.

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